

SENATE BILL NO. 400

INTRODUCED BY G. JERGESON

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A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING LOCAL GOVERNMENTS TO ISSUE REVENUE BONDS FOR ROAD CONSTRUCTION,~~REPAIR,~~ AND ~~MAINTENANCE~~ RECONSTRUCTION; PLEDGING GASOLINE AND VEHICLE FUELS TAX REVENUE TO THE PAYMENT OF THE BONDS; PROVIDING ~~FOR~~ THAT THE LEGISLATURE IS NOT BOUND TO THE CONTINUED LEVY OR DISTRIBUTION OF A GASOLINE AND VEHICLE FUELS ~~TAX~~ TAXES; AMENDING SECTION 7-7-2501, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Authorization of bonds.** (1) As used in [sections 1 and 2], "local government" means a county, an incorporated city or town, or a consolidated city-county government.

(2) A local government may issue revenue bonds to:

(a) finance the construction, AND reconstruction,~~maintenance, or repair~~ of roads, streets, or alleys;
or

(b) provide the funding that a local government might otherwise expend for the proportionate match of federal funds allocated for the construction of roads, streets, or alleys.

(3) Bond proceeds may be:

(a) deposited in a reserve fund that secures the bonds; and

(b) used to pay the costs of issuing and selling the bonds.

(4) The bonds are payable solely from and secured by the gasoline and vehicle fuels taxes collected under Title 15, chapter 70, or by any successor revenue authorized by the legislature under [section 2] and allocated to the local government. The bonds may not constitute a general obligation or be secured by the taxing power of the local government OR THE STATE OF MONTANA.

(5) (a) The bonds may be authorized by a resolution adopted by the governing body of the local government without a vote of the electorate. The resolution must establish the terms, covenants, and conditions of the bonds.

(b) The bonds may be sold at a public or private sale on terms and at prices that the governing

1 body determines to be advantageous.

2 (c) The bonds may not constitute or be included as an indebtedness or liability of the local
3 government for purposes of any statutory debt limitation, but are subject to the limitations of this section.

4 (d) In the resolution, the governing body shall irrevocably pledge and appropriate to the sinking
5 fund from which the bonds are payable an amount of the revenue allocated or to be allocated to the local
6 government, IF ANY, by the department of transportation from the collection of taxes under Title 15,
7 chapter 70, sufficient to pay the principal and the interest on the bonds as they respectively come due.

8 (6) Bonds may be issued under this section only if:

9 (a) the principal amount of the bonds does not exceed 10 times the average amount of taxes
10 collected under Title 15, chapter 70, and allocated to the local government in the 2 immediately preceding
11 fiscal years;

12 (b) the bonds are issued in the amounts and on terms such that the amount of principal and
13 interest due in any fiscal year on the bonds and any other revenue bonds issued under this section does
14 not exceed 50% of the amount of taxes collected under Title 15, chapter 70, and allocated to the local
15 government in the immediately preceding fiscal year; and

16 (c) the final maturity date of the bonds is not more than 10 years after the date of issuance of the
17 bonds.

18 (7) Proceeds from the sale of the bonds must be expended by the local government in accordance
19 with applicable provisions of law, as if the proceeds constitute taxes collected under Title 15, chapter 70,
20 and allocated to the local government.

21 (8) Any local government issuing bonds in accordance with this section shall, promptly upon the
22 issuance of the bonds, certify to the department of transportation and the department of administration
23 the principal amount and the terms of the bonds and the amount of money required each fiscal year for
24 the payment of principal and interest on the bonds.

25 (9) The powers conferred on a local government by this section are in addition to the powers
26 conferred by any other general, special, or local law. To the extent that the provisions of this section are
27 inconsistent with the provisions of any other general, special, or local law, the provisions of this section
28 are controlling.

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30 NEW SECTION. **Section 2. ~~Continued~~ LEGISLATURE NOT BOUND TO CONTINUE levy of tax.** (†) The

1 legislature ~~shall provide for~~ IS NOT BOUND TO the continued assessment, levy, collection, ~~and OR~~ deposit of
2 a tax under Title 15, chapter 70, ~~and OR~~ the allocation of all or a portion of the revenue from the tax;
3 ~~subject to the prior pledge and appropriation of gasoline tax revenue under 17-5-507, to local~~
4 ~~governments, as CURRENTLY provided in 15-70-101, as long as any bonds issued in accordance with~~
5 ~~[section 1] are outstanding, unless the legislature provides other revenue for allocation to local~~
6 ~~governments substantially equivalent to the tax revenue and in amounts not less than those currently~~
7 ~~allocated to local governments by 15-70-101.~~

8 ~~—— (2) The provisions of this section may not be modified so as to reduce the security for any bonds~~
9 ~~issued pursuant to [section 1] while the bonds are outstanding.~~

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11 **Section 3.** Section 7-7-2501, MCA, is amended to read:

12 **"7-7-2501. Authority to issue revenue bonds -- refunding revenue bonds.** (1) A county may issue
13 county revenue bonds;

14 (a) in the same manner and with the same effect as provided in chapter 7, part 44, of this title
15 for issuance of municipal revenue bonds; or

16 (b) in accordance with the provisions of [section 1].

17 (2) County revenue bonds may be issued to finance any project or activity enumerated in chapter
18 16, part 21, of this title, ~~or~~ in Title 75, chapter 10, part 1, or in [section 1]. Revenue from the project for
19 which the bonds are issued is the only revenue upon which a lien under the provisions of 7-7-4431 may
20 apply. A lien may not attach to other revenue or other property within the county.

21 ~~(2)(3)~~ A county may refund revenue bonds issued under the authority provided in subsection (1)
22 by the method provided in either part 45 or part 46 of chapter 7.

23 ~~(3)(4)~~ In construing, for purposes of this section, the provisions of ~~parts~~ part 44, 45, or 46 of
24 chapter 7, "municipal" is considered to refer to the county and "governing body" is considered to refer to
25 the board of county commissioners whenever the board of county commissioners is acting pursuant to
26 subsection (1)."

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28 NEW SECTION. **Section 4. Codification instruction.** [Sections 1 and 2] are intended to be codified
29 as an integral part of Title 7, chapter 14, and the provisions of Title 7, chapter 14, apply to [sections 1
30 and 2].

2 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

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